

Some Marketing Considerations with Respect to Minced Fish Products

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INTRODUCTION

There is one thing we can say about the contemporary fish marketing scene without fear of contradiction: it is always changing. And, minced flesh and minced fish products are part of this change. The topic of minced fish conjures up in our minds the wave of the future. From the point of view of the producer, it represents a concept of the maximum and economical utilization of a harvested resource. From the marketing man's point of view, it represents a product of good value at a relatively low price. From the consumers' viewpoint, it represents a "good buy" with perhaps a good deal of what the economist would like to call "consumer's surplus" in it. In short, it is hailed as the untapped bonanza of the fisheries.

This paper first deals with some of the marketing problems surrounding minced fish products; then it outlines some of the exciting opportunities that are ahead; and finally, it touches on some of the ways and means of transforming our great expectations concerning minced fish into a reality.

MARKETING PROBLEMS

What then are the marketing problems with respect to minced fish products (referring to the marketing problems of the producers of minced flesh as well as the marketing problems of converters who use minced fish as a raw material to make end products)? Broadly speaking, we can identify four distinct problems. First, there is the general problem of marketing management that accompanies the introduction of a new product. A new product represents a cycle of change in an otherwise well established and traditional marketing pattern. Each cycle brings with it problems of adjustment. Sometimes, this adjustment process becomes protracted and

cumbersome; sometimes it is easy and short-lived. To be beneficial, this cycle of change must be controlled in accordance with market needs.

In introducing a new product, the marketing man has to virtually go back to the drawing board and ask the same old questions he has asked before while introducing other older products. Basically he has to meet five tests. I would like to call them market survival tests. First is the test of profitability. Second is the growth potential test: that is, whether or not there is a need for the product in the market place, and the extent to which there is room for the growth and development of the market to provide as wide a market base as possible for the product. In other words, how big is the present and potential market? Third is, the competitive test: whether or not the product has enough strength and superiority to compete with traditional and even future potential products. Fourth, is the distribution test. The question here is whether or not the new product—in our case, minced fish products—will use existing distribution facilities; or will it require new facilities and channels of distribution. Finally, the investment test

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tells whether or not the product requires a high or low level of new investment.

Associated with investment is the stability test. That is, those who are planning to invest in this new area must have a reasonable assurance that the rules of the game will not be changed with any degree of frequency. In order to market minced fish products successfully, the marketing man has to meet these basic marketing survival tests.

A second marketing problem with respect to minced fish products stems from the general tendency of the average consumer to perceive price as an indicator of product quality, even in these days of stretching the food dollar. The general consumer feeling is that "you get what you pay for." Such an entrenched attitude can pose a real danger to the marketing of minced fish products. Within the context of high food prices, the sudden introduction of relatively low-priced items, as for example minced fish end products, can create a backlash effect on demand. In order to avoid this danger, a good deal of consumer education and promotion is required to disseminate the real values of the product and to build up sufficient consumer confidence. Not much is known about the consumer likes and dislikes about minced fish products, as yet. This aspect seems to be the 'dark continent' on the marketing scenario at present. I hope that in the immediate months ahead we will be able to explore this area in some detail.

A third marketing problem is the prospect of a sudden and almost overnight entry of too many producers and converters into the production of minced flesh and its products, without adequately preparing a durable and expanding market base. The presence of supernormal or above average profits in a particular product or products can attract too many producers with little or no competence in ensuring product quality and marketing. A sudden overexpansion in production followed by a glut in the market has been the perennial problem of almost all primary industries. Fisheries have been by no means an exception to this general phenomenon. In the fishing industry, we have had far too

many ups and downs in the past and these have always left devastating effects on the primary, secondary, and marketing sectors. "Those who cannot remember the past are condemned to repeat it." Let us therefore, make every effort to exercise caution and to avoid an over expansion in production without paying corresponding attention to the consumer and the market place.

Finally, in the absence of well defined and strict ground rules with respect to quality, minced fish is showing up in the market place in a wide range of quality, all the way from good to poor. For a new product trying to gain a footing in the market, this type of inconsistency and variability in quality is a real handicap. And to the converter, who goes in enthusiastically to buy and use minced fish to create other end-products, this may have and has in fact produced some initial disenchantment. To date, quality control has been one of the main problems for minced fish, and the future marketing prospects for minced fish products will depend to a large extent upon the degree of success attained in eliminating these quality control problems.

MARKETING OPPORTUNITIES

To understand these opportunities, it is essential to take a look at the present and emerging marketing environment for fishery products. Our general marketing environment is characterized by several major factors. First is the growing pressure on existing food resources and an anticipated shortage of animal protein by the year 1980. In mitigating this anticipated protein gap, seafood can play a significant role. Second, within the general context of rising food prices and inflationary trends in the economy, there is a growing pressure and search for cheaper food items. Third, in response to this and also because of the growing cost-price squeeze, producers are increasingly looking for alternate and cheaper raw materials in order to put out reasonably priced consumer products. Fourth, is the growing cross-elasticities within the various components of the food sector and particularly between meat and

fish. The consumer is becoming more and more price sensitive and appears to be switching from one protein source to another primarily on the basis of price.

From a purely marketing standpoint, one of the greatest strengths of minced fish is the substantially lower labor content involved in its production. For example, the production of minced blocks requires only one-third the amount of labor that goes into the regular fillet block. At a time when labor costs are becoming a big factor in production costs, minced blocks offer a very attractive escape route. It provides a fairly cheap raw material for the production of fish sticks, in comparison with the traditional fillet blocks.

Another strength of minced fish products is the virtually unlimited size of the potential future market. The market for convenience foods has been rapidly increasing over the world as a whole. And, what is more exciting is the future possibility of even traditional markets such as Japan turning to convenience foods on a massive scale. As incomes rise, and as the retail and merchandising revolution begins to make an impact on traditional markets, the demand for convenience foods will most likely grow to fantastic proportions. Basic population growth is an additional factor which will reinforce such a growth factor.

A third marketing opportunity for minced fish stems from the high degree of versatility that it seems to possess. That is to say, it lends itself readily to be blended with other ingredients such as vegetable protein, meat, cereals, cheese, potatoes, etc. It permits numerous food combinations to suit the tastes of discriminating consumers. Thus, it lends itself easily to new product development. In the context of today's and tomorrow's food prices, minced fish products represent high value at a relatively low price. This appears to be the fundamental strength of the product. Minced fish products appear to have demonstrated some measure of success in the retail market segments in the United States. Its success in the food service market is now awaited and will be watched with much interest by all.

TAPPING THE MARKET

How do we go about tapping the untapped bonanza? What must we do to seize the opportunities? A philosophical approach to this question could be summed up in the statement that "you cannot strengthen the weak by weakening the strong . . . you cannot help the poor by destroying the rich." In terms of marketing, what this means is that we cannot afford to weaken the market for traditional fish sticks and portions in order to strengthen a completely separate market for minced sticks or portions. Similarly, we cannot afford to destroy the market for traditional sticks and portions in order to build a new market for minced sticks and portions. The salvation of the new product lies in making it a part of the traditional line and thus in marrying the old and the new.

On a more practical level, it is necessary to undertake a good deal of support work in terms of consumer education, market development and promotional literature. We need to bring into force a very comprehensive and energetic consumer education program, while at the same time working on all other elements of marketing, viz. products and product quality, distribution, price, research, and marketing intelligence. Today, more than ever before, the marketing field is experiencing a greater impact of the behavioral sciences. Therefore, it is most essential to make a special effort to inform consumers about the nature and characteristics of the product. We need to know what the consumer's attitude is towards the product; we also need to know what consumer habits affect the product. To this end, we need to put marketing research to work early in the marketing planning exercise. We need consumer panels, consumer tests and consumer education. Actually, we should build the entire marketing program for minced fish products around the consumer.

Perhaps the following quotation from a speech by Mr. Edwin Ebel of General Foods before the 1958 Marketing Conference of the National Industrial Conference Board would give us some perspective with respect

to minced fish products marketing. Mr. Ebel said:

"So long as men thought the earth was the center of the universe, a true understanding of it was impossible. Only after Copernicus came up with the theory that the sun was the center, and our little earth was just one of several planets that moved about it—only then were astronomers able to make correct observations and reach sound conclusions . . ."

"Now, if we think of our product (in this case the minced fish product) as the center of a small busi-

ness universe, we are as wrong as the ancient Greeks. Actually, the consumer is the center of the business universe and any product is simply one of a legion of planets that move around the consumer . . . As far as we, as marketers of consumer products are concerned, the thing the consumer is loyal to, is his or her own convictions as to what is best, for his or her own best interests."

In line with this excellent expression of marketing philosophy, I sincerely hope that those who are engaged in or contemplating to engage in the

marketing of minced products, will endeavor to follow closely the consumer interests. I would like to add that this whole area provides an excellent and fruitful opportunity for government-industry cooperation. Jointly, the government and industry can identify where we are today, where we want to go, and what we must do to get there. In the long run, the fundamental merits of minced fish products (assuming satisfactory quality control and inspection), from the standpoint of value and price, should make a successful marketing proposition.

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